

**SPECIAL MEETING  
BOARD OF MAYOR AND ALDERMEN**

**March 27, 2003**

**6:00 PM**

Mayor Baines called the meeting to order.

Mayor Baines called for the Pledge of Allegiance, this function being led by Alderman DeVries.

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen Wihby, Gatsas, Sysyn, Osborne, Pinard, O’Neil, Lopez, Shea, DeVries, Garrity, Smith and Forest

Absent: Aldermen Guinta and Thibault

Mayor Baines stated I will present my budget message to you this evening and also this is a preliminary report. As you know under the Charter I have until Monday to make any adjustments or changes that may be needed as new information surfaces over the next few days. Handouts were distributed to the Board.

Mayor Baines stated before beginning tonight, I want to thank all of those who have had a hand in preparing this document. Preparation of an annual budget is a time-consuming task that requires the dedicated attention of a number of city employees in each department – particularly, each office’s business service officers and administrative service managers. And a disproportionate amount of numbers crunching falls on the shoulders of our finance department. I want to particularly single out the work of Randy Sherman throughout this budget process. Also the work of Kevin Clougherty. I want to thank them for their efforts on behalf of the taxpayers and I also want to thank from my staff Seth Wall, my former budget assistant Wayne Robinson who has worked with us throughout the process, Bob Mackenzie, Ginny Lamberton, and Sam Maranto for their significant contributions. Obviously, the department heads and assistant department heads devote considerable attention to this effort every year as they should and must. They, especially, should be singled out for their fine work.

Mayor Baines presented his budget message as follows:

Some months ago, I asked both the Board of Mayor and Aldermen and the Board of School Committee to meet in joint session at PSNH headquarters in the mill yard. At that meeting, I enumerated the economic forces that would influence the preparation of the FY2004 budget,

including a sluggish economy, increased pension obligations, skyrocketing insurance costs, an additional pay period, and our collective bargaining obligations made by this Board of Mayor and Aldermen. I wish I could stand before you tonight and tell you that our predictions that evening of a particularly tight budget year had been off the mark.

Manchester, like other cities and nearly every state, is about to enter a fiscal year that will require – in addition to restraint – creativity and cooperation from elected officials, public servants, and our citizens.

Accordingly, I present the Board of Mayor and Aldermen with a \$232 million budget for FY2004. \$105.6 million has been allocated for city services, and \$127.1 million has been allocated to the school district. The FY2004 budget is approximately 3.7 percent larger than the FY2003 budget passed by the Board of Mayor and Aldermen. It is a budget that restrains the growth of spending and stays close to the rate of inflation. And I think that's a particular accomplishment in this economy and we're presenting a budget approximately within the rate of inflation. As has been the case with every budget that I have prepared, what I present tonight is a proposal that sets its sights on our dream of the safest, cleanest, best educated city possible while grappling with the reality of the fiscal limitations its taxpayers face. Sacred cows and white elephants will find no refuge within the pages of this budget - nor will cowardly lions whose inclinations in times of difficulty is often to hunker down until the storm cloud pass. This budget proposes expenditures that have to be made now in order to position our city to benefit from the better times that are inevitably ahead.

Everyone must keep in mind that this proposal does not set a tax rate. I note this fact each year; but inevitably estimates of the tax rate are hastily calculated, which we are required to do. I put as much stock in those calculations as I do in estimates of the number of angels who can dance on the head of a pin. We can all make predictions –as I will do in a few moments – but we must be clear that these numbers will change before the State sets its tax rate this fall in November. As you may recall the number we originally grappled with at this time last year was reduced over 2% when we finally went to set the tax rate in the fall. And they're always based upon numbers that are certified by the finance officer.

Is this a perfect document? Hardly. As I note each time I present a budget, I welcome the input of the aldermen, the members of the school board, and that of the public. Each year, as this process moves closer to conclusion, I learn about some long-promised but often-neglected project or initiative that makes sense and needs to be provided for – or, I am informed of a previously overlooked method of savings that will benefit the taxpayers. To the greatest extent possible, these suggestions will be included if they do not upset the precarious balance achieved by adequately funding services while watching out for the interests of the taxpayer.

Department heads were given strict instructions to present budgets that were no more than 2.5 percent larger than they were allocated last year. This restriction was intended to inspire creativity and stifle indulgence, and it had the desired effect. Overall city spending will

increase almost exactly that amount, a modest 2.8 percent – again, an amount close to the rate of inflation.

Some departments will get more; some will get less, depending on critical needs, such as costs associated with the war on terror. It should be noted that many departments may, for the second year, see decreases in their discretionary line items once department heads make line item allocations. Most increases in departmental budgets can be attributed to staggering increases in insurance costs. Our providers have predicted that the City should anticipate double-digit percent increases in the cost of providing health insurance to our employees for the next fiscal year.

Costs associated with health and with care consume a significant percent of the total operating budget. This is an untenable situation that we have taken steps this year to reign in as we have negotiated contract renewals over the past year. In order to offer city services at the highest possible level, we need to provide our employees with salaries and benefit packages that are respectful of their skills as professionals and dignity as human beings. But they, too, recognize the need to make concessions in difficult economic times such as this. I am grateful they have demonstrated a willingness to do this at the bargaining table this year as we continue to negotiate these contracts.

The plunging stock market has played havoc with the retirement funds. Consequently, the city is obligated to spend more in this area than it would in better economic times. And, our obligation to meet 53 instead of 52 payrolls is an additional requirement that was not present last year.

Our obligation to maintain the highest level of public safety in these uncertain times requires us to provide adequate funding for our first responders in the police, fire, and health departments. It is these departments that will see some of the largest increases in their budgets, including funding firefighters to staff the new Cohas Brook fire station, which is set to open in January. The fire station will open in January.

Sadly, our current situation is not just the result of forces beyond our control – such as health care costs, and the price of protection from terror. It is also the result of the unwillingness of some elected officials and an often-entrenched bureaucracy to give serious consideration to departmental and programmatic consolidation. Consolidation is the strongest weapon in our arsenal in the war against ever-rising costs, and public servants of every persuasion have deployed it with precision in places outside of Manchester. Frank Thomas has estimated that consolidation of highway, traffic, and parks into a department of public works would have increased efficiency and saved approximately \$289,000. That's a conservative estimate. An additional \$60,000 would have been saved if consolidation plans in the areas of human resources and economic development had been approved.

And, if consolidation in the area of public works alone was combined with an enhanced recycling program that I have proposed numerous times, an overall savings of \$1.57 million

would be realized. Let me repeat that, \$1.57 million. On a full year that number approaches close to \$2.4 million. These savings would reduce the average homeowner's annual property tax assessment by about \$45. That \$45 figure is important because that amount is less than the cost of materials that the average homeowner in towns with sticker-based recycling programs spend on recycling and rubbish disposal in a year.

Consolidation makes sense for another reason. It would clear up lots of unnecessary confusion about who provides city services on what days, at what times, in what trucks, and at what request. Take the intersection of Concord and Pine Streets, for example. You know the corner. The library is on one side, across from Victory Park and the Hartnet parking lot. When it snows, the library contracts a private company to plow its lot, while Parks and Rec. plows the paths in Victory Park, which abuts a public sidewalk plowed by the highway department, across the street from a parking facility plowed by the traffic department. Get it.

In recent days I have read about the successes of various consolidation plans in states as far apart and as different as Texas and Maine. Our Governor is talking about consolidations of departments. Our President consolidated many departments at the federal level into the Department of Homeland Security. Yet we in Manchester, can not be successful with any effort to come forward when combining services of City departments. That's wrong. Why not here? I will leave it to others in this room to answer that question.

And, now, on to the schools...

We have heard much in recent months about the benefits of "regime change" on an international scale. We learned about the local applicability of that phrase as the new superintendent of schools shepherded his first budget through the approval process. It wasn't easy Dr. Ludwell, was it? And it's not over yet. For the first time in recent memory, the school district has been a partner in this process and has consistently provided accurate and up-to-date information. Dr. Ludwell's quiet competence will reap enormous benefits for the school district in years to come. He and Paul Martineau, who is back at work, are shining examples of what is possible when new ideas and vigorous leadership are applied to challenging problems. Those responsible for bringing to light the need for new leadership at the school district and welfare departments have every reason to be proud of what Mike and Paul have done.

The bottom line allocation for schools in my budget is \$127.1 million and it's a \$5.9 million increase over last year's approved budget. The children of Manchester, some of whom may be mere months away from coming face to face with the forces of evil in Iraq, deserve nothing less. Indeed, I am the first one to admit that they should, in a perfect world, get substantially more. However, as I noted earlier, a budget strives to maintain a delicate balance between aspirations and reality. The schools must be partners as we work through these difficult times.

I will repeat what I said last year. As a teacher, principal, and father, my response to school funding requests is reflexive: “Give them what they want.” you might say. But as a servant of the people, however, I must adjust my inclinations to reflect the ability of the citizens to pay the bill and we’ve struck that balance.

Having said that, we know by now that bringing every child along is expensive. In addition, we need to remind ourselves that what it costs to educate our kids today is returned to us ten times, ten thousand times in the future. As much as I hate to appeal for funding education by arguing that one can pay now or pay later, it is beyond question that kids who are the products of successful schools are much more likely to become productive, contributing citizens. Those who are products of less successful educational environments are more likely to lay claim to your tax dollars in the future.

Last weekend, someone reminded me that Robert Kennedy had the perfect answer for those who questioned expenditures for intangibles like the quality of education. Yes, we should be aware of what we pay now, he said, but we should not lose sight of the immeasurable dividend provided down the road by a well-educated child.

*“...(W)e seem to have surrendered community excellence and community values to a mere accounting of material things...The GDP counts air pollution and cigarette advertising and ambulances to clear the highways of carnage. Yet it does not allow for the health of our children, the quality of their education, or the joy of their play. It measures neither our wit nor our courage; neither our wisdom nor our learning; neither our compassion nor our devotion to our country; it measures everything, in short, except that which makes life worthwhile.”*

Every budget, then - even ones prepared in the toughest of economic times - must account for those areas that make life worthwhile and schools certainly do that. And before I leave schools I want to particularly commend the work of Tom Donovan and Leslie Stewart who really cooperated right up to the end of this budget process and ready to work with us as we go forward.

So, too, do parks and playgrounds. As always, the portion of the budget devoted to community improvement programs includes a support for investment in recreational areas. We will continue work on three urban parks – Kalivas, Bronstein, and Pulaski – greenspaces that have served as backyards to generations of Manchester’s youth who might not have backyards of their own. Two of the parks, Kalivas and Pulaski, are also sources of great pride to two of Manchester’s most prominent ethnic communities – the Greeks and the Poles. By maintaining these parks, we honor the men they were named for and the people who consider them heroes.

The CIP budget will also fund improvements at Derryfield and Livingston Parks and the continuation of “Project Greenstreet,” an urban forestry program which strives to improve Manchester’s environment by planting trees along streets and in parks and in school yards. It will also fund the athletic complex project at Memorial High School.

Those who doubt the importance or impact of the CIP projects such as these need only visit Bakersville School's new kindergarten facility, or McDonough's, or the expanded library at Memorial to see the positive impact created by last year's CIP expenditures. Some of these expenditures, such as those designated for ADA improvements (American Disabilities Act), literally open new worlds to some of our citizens. Whenever we cut a curb for wheelchair access, we allow people in wheelchairs to go places they might never have gone before.

That portion of the CIP budget devoted to assisting non-profit organizations has never been more important to this City's overall quality of life than it is today. In the midst of these tough economic times it is critically important that we maintain this funding. Some might suggest that grants to non-profit agencies should be the first thing to go in an era of limited resources; however, to shut off a vital source of assistance to organizations that do the work of government is unable to do so on its own would be very, very foolish decision to make at this time. It would clearly fit the definition of being penny wise and pound foolish. Without organizations such as Families in Transition, the Teen Health Clinic, and New Horizons, the city would be responsible for fully funding a social services infrastructure to do the job currently done by these organizations.

And, as funds have become more difficult to come by, need abounds. Fred Rusczek, the City's health director and something of a municipal conscience, informed me that the recently released census figures for the ten year period before I became Mayor indicate that the number of children living in poverty in Manchester grew by 33 percent in the 1990s.

The expenditures made annually in the CIP budget are the statement of this City's determination to even a decidedly slanted playing field for many of our most vulnerable citizens. By funding organizations that help those most in need - such as the Salvation Army, Odyssey House, and the Manchester Community Resource Center – we keep faith with a long Manchester tradition of giving even in the toughest of economic times. And when we fund organizations like the International Institute, we affirm that we are all indeed welcome in this place.

As I noted last year, tonight's presentation does not mark the end of a process. It may only be the end of the beginning. Under the charter, I have until Monday to submit my final proposal. We may do some tinkering until then. We will then move very quickly to schedule working sessions at which suggestions will be incorporated into a final document. It is my hope that we can get this done within 30 days. I look forward to a productive month ahead.

I have scheduled a meeting of the Finance Committee on April 8<sup>th</sup>, with the School District to hopefully come to some consensus on their budget because they're facing an April 15<sup>th</sup> deadline for notification to teachers. It is not necessary to lay off any teachers under this budget and I hope we can affirm that prior to the 15<sup>th</sup>. I also have a couple of challenges for you tonight as you look at these numbers and are asked to respond to them. If you think they

are too high, obviously you can indicate it. But I also hope you offer suggestions on what you would cut. Because all this budget does is try to meet the obligations made by this board and in many areas I think we've come up short in meeting those obligations and you'll hear that from department heads as they come in to present your budgets. We have also presented some options up here that I'd like to discuss with you. If in fact there were the political will to do some basic things, and again you know my position on recycling, I'll say it for that, during the time I'm mayor and I think every responsible citizen will see the light of it as I repeat to you 10 percent increase in recycling saves \$300,000. I have become a recycler. The other day I brought out my garbage I brought out one container. I used to bring out three. If you don't have recycling programs such as responsible recycling, I am in essence paying for my neighbor who may not recycle. And when at some point governments step in and say every community must reduce the solid waste, this is the way to do it. As an example, if you were to adopt recycling effective October 1<sup>st</sup>, Frank Thomas indicates that would be a \$1.57 million issue that could go forward to reduce the tax rate. If you put \$1.00 as the finance officers advocated, and we talked about last year, only \$1.00 on an auto registration fee to deal with some of the issues then we could transfer money from parking and other issues that plague the City, would be \$114,000. Consolidation of Highway, Parks and Traffic \$289,750 a conservative estimate. If we follow through on the health, youth and elderly services consolidation, approximately \$30,000 in savings. Planning, building and economic development, approximately \$60,000. The Finance Department will be making a recommendation with the fund balance on an ordinance we passed last year, they feel that the definition of dealing with the school deficit because it needs to be paid, could be wiped out with the vote of ten aldermen on this board to reduce the burden on the tax rate to a total \$581,077. There are a number of variables out there. The President's budget, just allocated \$2 billion to states and local communities. Eighty percent of that is designated to go to local communities. We don't know what kind of funds will be coming to Manchester. There are also other grants out there that we're looking after for police and fire and other agencies. That totals up to \$2.7 million. If you were to adopt all of these right now, the projected tax rate would decrease automatically 3.9 percent. 3.9 percent. Even if we could do some of those things we could bring that tax rate down and still provide vital services to our community. It's within our reach if we're willing to take some political risk and do the right thing.

Again, lets work together. Roll up our sleeves and at the end of the day I think we'll be proud of our work by providing vital services. And there are some weaknesses in this budget and you're going to hear about them. But I did the best we could...we did the best we could to provide a number that we felt was palatable and would provide the kind of services that we need in our city. But there will be some pain with this budget. If we can find ways to lessen the pain as they come forward, let's do so. But let's work together in a cooperative spirit and we'll get the job done.

(New Business consideration)

The budget message having concluded Mayor Baines stated and now I'd just like to read a letter and then I'm going to ask for permission of the Board to do something under unanimous consent.

The NH Senate recently passed a bill, which would allow the Charter Commission to set a special election to approve of the Charter on a date that does not coincide with the general election. This radical change would prevent the largest possible number of citizens, those who turn out to vote in a general election, the opportunity to have a say in how their government is governed. The bill is currently before the Municipal and County Government Committee on the House side. The hearing is set for April 1<sup>st</sup>, appropriately April Fools Day I might add. I feel we should not lose any time making known our opposition to this attempt to usurp the authority of the people. Therefore, I am asking the Board to endorse a letter expressing opposition to this bill and I will be testifying personally in Concord next week. This letter will be shared with the members of the House of Representatives. I will have a personal conversation with Governor Benson and ask him should it escape the House, that he veto it. Current law sets the date for the Charter...this is the current law. "The next regular municipal election see RSA 49-B:4 VI." Historically voters of Manchester have been given the opportunity to approve charters at general elections, where it is the general election that generates the highest turnout. It makes sense doesn't it. It's our constitution. The proposed law strips this Board of Mayor and Aldermen of the statutory authority it currently has to set the date of the charter election. Given the most votes as possible the opportunity to have a say in how their government is organized and operated has served the City well for years. There is no reason for endorsing a change that would in effect disenfranchise thousands of voters. In addition, by giving the Charter Commission the right to schedule a vote on a day not already set aside for balloting, the bill grants the Charter Commission the right to order the expenditure of approximately \$27,000, the cost associated with running a previously unscheduled election. The voters of Manchester surely did not intend to give the Charter Commission this power when they elected its members. Indeed current law, the law in place at this time, the Charter Commission was voted in, does not allow this shifting of authority. SB 77 then is nothing shorter than an effort to dupe the voters and change the rules in the middle of the game. Why this issue is being raised at this time, and who is responsible for pushing this amendment, may emerge in the fullness of time. Given the circumstances though in which it has arisen, tacked onto an amendment to an otherwise obscure and innocuous bill about school ballot statutes, questions about it's source and his or her motivation will be legitimately raised. I hope you will support efforts to beat this bill and prevent an unprecedented power grab in Concord that will effectively rob thousands of Manchester residents of their votes. I ask for unanimous consent to put this issue before you this evening.

A motion was made by Alderman Lopez, duly seconded by Alderman O'Neil, for unanimous consent to move this item forward.



Alderman Wihby stated first of all Your Honor, all this does is lets the Charter Commission decide which one to put it on. The Charter Commission make a recommendation to actually, I think some of the recommendation, and again it changes every day, but some of the recommendations that are there now actually saves a lot of taxpayers money. Maybe it does cost \$27,000 if they go ahead and order it through a special election, but in the long run maybe it saves \$100,000. You don't know that yet because you don't know what the Charter Commission's going to do. This authority doesn't tell them it's got to go anywhere, but it gives them the option of deciding and if they felt that option was right, and they felt they were saving taxpayers money, more than what the election was, maybe its right to let them have that authority. It's not saying they have to, it letting it up them. Who are elected officials Your Honor and...I'll ask for a roll call, but it's going to be unanimous anyway.

Mayor Baines stated the unanimous consent will allow us to hold discussion...

Alderman Wihby said just take a vote.

Alderman Gatsas stated just so that you know, I sponsored that amendment because I believe that the people of the City of Manchester should have an opportunity if the Charter Commission decides to put it in, that there's no reason to wait for the General Election. We can have it in the primary or we can have it at a special election in the Presidential. There's nothing here that says that that can't happen. If it's in the Charter it allows the Charter to have it done.

Mayor Baines interjected but clearly understand that...

Alderman Gatsas stated so I guess if you ask the question who did it, it was pretty easy to find the amendment Your Honor instead of trying to... Mayor Baines added we couldn't find a name on it. Alderman Garrity stated you couldn't? My name was at the top of it Your Honor. Your Honor I guess I'm a little miffed by it because I would think that you might ask the Senator from the City and I guess I would have told you exactly whose name was on it.

Mayor Baines stated now that we know who did it, then we can talk about it some more. I think is a wrong thing...this is the authority of this Board of Mayor and Aldermen and I don't think its an appropriate thing. If you were going to do something like that, I wished you would come to this Board and ask about taking authority away from this Board that it already has. If you want to talk about being concerned, why wasn't that discussion had? There was no discussion with Mayor or any Aldermen that I found about your effort to introduce that bill.

Alderman O'Neil stated I supported having the election to choose a charter commission, but I'll tell you, my personal observation what I've heard from citizens throughout this City is, this Charter Commission process has been an embarrassment to the City of Manchester. And for some reason there's a mockery made of this process, and this just adds to it as far as I'm concerned. Now they want to take it out of the hands of the people of the City of Manchester and the legislature wants to decide this. I don't know where we've ever come up

with the Charter Commission setting dates for votes in this City and that. Now I can remember the two recent Charter Commission recommendations and they both passed and they were implemented approximately two years later to allow a faze in period or a faze out period. This is politics at its worse going on in the City of Manchester. I contacted colleagues of mine that I served with in the legislature to vote against this.

Alderman Shea stated usually I'm a neutral party in all of this, but believe me everyone that I've spoken to in the City of Manchester considers the Charter Commission tactics beyond reproach. In other words, you have people voting up and down and over and under, and I'm very surprise that a member of our Board, a person who is a colleague of ours would draft something like this. It's unconscionable and I had the deepest respect for Alderman Gatsas and I'm glad that he revealed at a meeting tonight that he's the one that drafted this. This is beyond reproach Your Honor. As far as I'm concerned, I can not understand how someone in our midst here would try to usurp the power that we have been given by elected...as elected officials by constituents in the City of Manchester. Its beyond reproach Your Honor and I thank you and whoever drafted this I appreciate it and you can start the roll call with me Your Honor.

Alderman Lopez stated I agree with both Alderman O'Neil and Alderman Shea. I'm not going to say too much about it. This is like a stab in the back because I remember many conversations on this Board when department heads went up to testify about a bill and this Board was not aware of it, how much they got chastised for it. This is taking the authority away from this Board. The people in the City of Manchester, something's going behind the back door and...we'll take the roll call Your Honor.

Mayor Baines asked for roll call starting with Alderman Wihby...I'm just asking for at this point unanimous consent to take action...so this Board can weigh in on it's opinions of this bill. That's all I'm asking, consent to do that.

City Clerk Bernier called the roll. Aldermen Sysyn, Osborne, Pinard, O'Neil, Lopez, Shea, DeVries, Garrity, Smith and Forest voted in favor of the motion. Alderman Wihby voted against. Alderman Gatsas abstained.

Mayor Baines stated the motion does not achieve unanimous consent so we have been prevented by this vote, by one vote, of allowing this board to take action on this bill. I would ask you to go to Concord on Monday and we're going to ask you to sign a letter. I'm going to ask you to call members of the delegation and make a call to Governor Benson's office as well, to stop this unprecedented power grab away from the Board of Mayor and Aldermen. I'll make another final comment about this Charter Commission. The best thing that they could do would be to adjourn and go home. It has been a waste of the taxpayer's money and it's been an embarrassment to the City. Having served on the Charter Commission that had rules that said nothing got forward unless there was a consensus of six votes. Never had the acrimony that exists. It's a circus and it's an embarrassment and I hear it all over the City.

Adjourn, go home, and don't waste any money. We need that money for services in the City. Let's not cause a special election to be occurred of \$27,000 that would fund a highway worker in the highway department.

This being a special meeting of the board, no further business can be presented and on a motion of Alderman Shea, duly seconded by Alderman O'Neil, it was voted to adjourn.

A True Record. Attest.

City Clerk